

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
DEFERRED COMPENSATION PLAN
Effective January 1, 2001

December 2001

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PREAMBLE

This Plan shall be known as the Massachusetts Bay Transportation Authority Deferred Compensation Plan (the "Plan") and shall be effective as of January 1, 2001.

The purpose of the Plan is to provide benefits to eligible employees upon retirement, disability, or termination of employment, in addition to benefits provided under the Massachusetts Bay Transportation Authority Retirement Fund (the "Retirement Fund") or the Massachusetts Bay Transportation Police Association Retirement Plan (the "Police Plan"). Prior to the establishment of the Plan, the Massachusetts Bay Transportation Authority provided such additional benefits to eligible employees through individual deferred compensation contracts. The Tax Reform Act of 1986 limited the ability of public sector organizations to provide such deferred compensation contracts without incurring substantial tax liability to eligible employees prior to commencement of benefit payments. As a result, employees newly eligible for additional retirement benefits shall become members of this Plan and shall not receive individual deferred compensation contracts.

The Plan also incorporates the requirements of the General Agreement on Tariffs and Trade, the Uniformed Services Employment and Reemployment Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, the Internal Revenue Service Restructuring and Reform Act of 1998, and other applicable laws.

It is intended that this Plan be qualified and exempt under sections 401(a) and 501(a) of the Internal Revenue code, as such sections apply to "governmental plans".

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

DEFERRED COMPENSATION PLAN

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ARTICLE I

DEFINITIONS

The following words and phrases when used in the Plan shall have the following meanings, unless a different meaning is plainly required by the context:

- 1.1 **"Accrued Benefit"** shall mean the annual benefit payable to a Member commencing at his Normal Retirement Date on a life annuity basis, determined in accordance with Section 3.1 based on Average Compensation, years of Credited Service and Normal Retirement Allowance as of his termination of employment, retirement, or death.
- 1.2 **"Actuarial Equivalent"** – For purposes of determining the amount of a lump sum distribution, Actuarial Equivalent shall be based on the applicable mortality table referenced in Code Section 417(e) and the applicable interest rate which shall be equal to the annual rate of interest on 30-year Treasury securities as specified by the Commissioner for the month of November immediately preceding the Plan Year in which determination is made.
- 1.3 **"Authority"** shall mean the Massachusetts Bay Transportation Authority.
- 1.4 **"Average Compensation"** shall mean Average Compensation as defined in the plan documents of the Retirement Fund or Police Plan, as applicable.

In the event a Member of this Plan no longer meets the eligibility requirements described in Section 2.1, Average Compensation shall be based on those years in which the Employee was eligible to participate in this Plan.

- 1.5 **"Board"** shall mean the Board of the Massachusetts Bay Transportation Authority.
- 1.6 **"Code"** shall mean the Internal Revenue code of 1986, as amended from time to time. Reference to any section of the code will include any successor provision thereto.
- 1.7 **"Compensation"** shall mean Compensation as defined in the plan documents of the Retirement Fund or Police Plan, as applicable, but shall not include any amount in excess of \$150,000, or such higher amount as may be permitted for a year under Section 401(a)(17) of the Code.

Earnings shall include (i) any elective deferral as defined in Code Section 402(g)(3), and (ii) any amount which is contributed or deferred by the employer at the election of the Employee and which is not includible in the gross income of the employee by reason of Code Section 125, Code Section 457, and (iii) any amount deferred under Code Section 414(h)(2).

- 1.8 **"Credited Service"** shall mean Credited Service as defined in the plan documents of the Retirement Fund or Police Plan, as applicable to the Member.

In the event a Member of this Plan no longer meets the eligibility requirements described in Section 2.1, Credited Service hereunder shall exclude any service for periods of

employment thereafter during which the individual no longer meets such eligibility requirements for participation in this Plan. However, such service shall not be excluded for purposes of determining eligibility for Early Normal Retirement and Reduced Early Retirement.

- 1.9 **"Deferred Compensation Contract"** shall mean the individual contract provided to an Employee by the Authority under a plan of supplemental retirement benefits established prior to the establishment of this Plan.
- 1.10 **"Disability Retirement Allowance"** shall mean the annual benefit, if payable to a disabled Member from the Retirement Fund or Police Plan based on Average Compensation and years of Credited Service as of his Disability Retirement Date.
- 1.11 **"Disability Retirement Date"** shall mean the date a Member would be eligible for a Disability Retirement Allowance under the terms of the Retirement Fund in effect on January 1, 2001, irrespective of whether the Member has actually participated in that plan.

If the disablement is due to occupational accident or sickness, then the Disability Retirement Date shall not be earlier than the date on which the member completes four years of Credited Service, otherwise the date on which the member completes six years of Credited Service. The Employee must have a minimum of 2 years of Credited Service earned while on the Executive payroll.
- 1.12 **"Early Normal Retirement Date"** shall mean the first day of any month coincident with or next following the date the Member completes 23 years of Credited Service, with a minimum of 2 years of Credited Service earned while on the Executive payroll.
- 1.13 **"Effective Date"** shall mean January 1, 2001, the effective date of the Plan .
- 1.14 **"Employee"** shall mean a person regularly employed by the Authority who receives regular remuneration from the Authority other than a pension, severance pay, retainer or fee under contract.
- 1.15 **"Executive"** shall mean a category of employees of the Authority as may be defined from time to time according to the Authority's regular personnel practice.
- 1.16 **"Fiduciary"** shall mean the person or institution with responsibility for the management of the Plan and its assets as provided in Article X.
- 1.17 **"Member"** shall mean a person who is participating in the Plan in accordance with Article II.
- 1.18 **"Normal Retirement Allowance"** shall mean the annual benefit payable to a Member on the life annuity basis upon retirement directly from active service at or after Normal Retirement Date from the Retirement Fund and/or, if applicable, the Police Plan. Such benefit shall be determined based on Average Compensation and years of Credited Service as of his termination of employment, retirement, or death.

- 1.19 **"Normal Retirement Date"** shall mean the first day of any month coincident with or next following the later of the Member's 65th birthday, 10 years of Credited Service, or the 2nd anniversary of the date the Member joined the Executive payroll.
- 1.20 **"Pension Agreement"** shall mean the legal document describing the provisions of the Massachusetts Bay Transportation Authority Retirement Fund.
- 1.21 **"Pension and Savings Committee"** shall mean the managing committee of the Plan as provided in Article IX.
- 1.22 **"Plan"** shall mean the Massachusetts Bay Transportation Authority Deferred Compensation Plan as set forth in this document and as amended from time to time.
- 1.23 **"Plan Administrator"** means the Pension and Savings Committee appointed by the Board which services as the administrator of the plan.
- 1.24 **"Plan Year"** shall mean each 12-month period commencing on January 1 and ending on the next following December 31.
- 1.25 **"Police Plan"** shall mean the Massachusetts Bay Transportation Authority Police Association Retirement Plan.
- 1.26 **"Reduced Early Retirement Date"** shall mean the first day of any month coincident with or next following the date the Member attains age 55 and completes 20 years of Credited Service while employed by the Authority with a minimum of 2 years of Credited Service earned while on the Executive payroll.
- 1.27 **"Retirement Fund"** shall mean the Massachusetts Bay Transportation Authority Retirement Fund.
- 1.28 **"Service"** shall have the same meaning as defined in the Pension Agreement on January 1, 2001.
- 1.29 **"Trust Agreement"** shall mean the document as amended from time to time entered into between the Authority and the Trustee to hold and manage the assets of the Plan.
- 1.30 **"Trust Fund" or "Fund"** shall mean all assets held by the Trustees in accordance with this Plan and the Trust Agreement.
- 1.31 **"Trustee"** shall mean the persons or institution appointed by the Board to act in accordance with the applicable provisions of the Plan and Trust Agreement.

ARTICLE II

MEMBERSHIP AND SERVICE

2.1 MEMBERSHIP

An Employee who is not represented by a collective bargaining unit, is currently exempt from the provisions of the Fair Labor Standards Act, has completed five years of Credited Service, has attained age 30, and is on the Authority's Executive payroll shall become a Member of the Plan as of the Effective Date, or on the date such requirements are met, if later.

Certain Retired employees will also become members of the Plan on the Effective Date, as listed on Schedule A.

A Member shall terminate his active membership hereunder on the earlier of the date he terminates employment with the Authority for any reason and the date he no longer meets the membership requirements described herein.

2.2 SERVICE

All provisions relating to Credited Service as described in the Pension Agreement on January 1, 2001 shall apply to this Plan except where explicitly provided otherwise.

2.3 MILITARY SERVICE

Notwithstanding any provision of this Plan to the contrary, contributions, benefit and service credit with respect to military service will be provided in accordance with Section 414(u) of the Code.

ARTICLE III

BENEFITS

3.1 AMOUNT OF NORMAL RETIREMENT BENEFITS

The annual amount of benefits payable to a Member on the life annuity basis upon retirement on or after his Normal Retirement Date shall be equal to the product of (a) and (b) offset by (c) as follows:

- (a) 3.36% of his Average Compensation
- (b) Years of Credited Service
- (c) For a Member who participated in:
 - (i) *the Retirement Fund*, the annual Normal Retirement Allowance described in the current Pension Agreement which would be payable to such Member (irrespective of vesting) on his Normal Retirement Date, or if later, the date benefits commence hereunder; and
 - (ii) *the Police Plan*, the annual Normal Retirement Allowance described in the current Police Plan which would be payable to such Member (irrespective of vesting) on his Normal Retirement Date or, if later, the date benefits commence hereunder.

This benefit shall be subject to the maximum benefit provisions of Section 3.2 and Section 3.3 of the Plan and to the vesting schedule described in Section 4.1

3.2 MAXIMUM ANNUAL AUTHORITY BENEFIT

At the date that benefits commence from this Plan, the life annuity benefit amount otherwise payable (prior to reduction for payments from a Deferred Compensation Contract) shall be reduced, and even eliminated if required, so that the sum of the life annuities payable from this Plan, the Retirement Fund, and the Police Association Retirement Plan, when expressed as a percent of Average Compensation, shall not exceed the Maximum Percentage of Average Compensation described below. If the Member is less than 100% vested, the adjusted benefit payable from this Plan shall first be calculated as if the Member were 100% vested. The Member's vesting percentage shall then be multiplied by this adjusted benefit.

Years of Credited Service	Maximum Percentage of Average Compensation
0 - 23	65 %
24	66 %
25	67 %
26	68 %
27	69 %
28	70 %
29	71 %
30 or more	72 %

If, at the time that benefits commence from this Plan, the Member could elect to begin receiving payments under the Retirement Fund, the Police Association Retirement Plan, or both, but chooses not to do so, the benefit payable under this Plan shall be calculated as if those benefits not yet in payment status were to begin at the same time as benefits under this Plan begin.

3.3 INTERNAL REVENUE SERVICE MAXIMUM BENEFITS

The amount of benefits payable under the provisions of this Plan shall not exceed the limits of Section 415 of the Internal Revenue Code as such requirements apply to "governmental plans".

In applying those limitations with respect to benefits provided by this Plan, despite any requirements to the contrary in the Retirement Fund or Police Plan, any required reductions will be first applied against benefits under this Plan, and any remaining required reductions will be then applied against other defined benefit plans maintained by the Authority.

3.4 COORDINATION WITH DEFERRED COMPENSATION CONTRACT

The annuity benefit determined above shall be reduced, but not below \$0, by that portion of the benefit payable by the Authority under the Member's Deferred Compensation Contract which has not already been applied as an offset to the Member's Executive Deferred Compensation Annuity Plan benefit and the Member's Excess Benefit Annuity Plan benefit.

3.5 COMMENCEMENT OF NORMAL RETIREMENT BENEFITS

A Member shall be eligible to receive normal retirement benefits upon termination of employment from the Authority directly from active service as of his Normal Retirement Date under the Plan. The accrued benefit shall be subject to the maximum benefit provisions of Section 3.2 and Section 3.3, and to the vesting schedule described in Section 4.1.

Normal retirement benefits shall be distributed in accordance with Article VI.

3.6 AMOUNT OF EARLY RETIREMENT BENEFITS

- (a) A Member who has attained his Early Normal Retirement Date while in active service may retire from employment with the Authority. He shall be entitled to receive his Accrued Benefit without reduction for early commencement.
- (b) A Member who has attained his Reduced Early Retirement Date while in active service may retire from employment with the Authority. He shall be entitled to receive his Accrued Benefit reduced 0.5% for each complete month that the benefit commences prior to age 65.

The accrued benefit shall be subject to the maximum benefit provisions of Section 3.2 and Section 3.3, and to the vesting schedule described in Section 4.1.

3.7 COMMENCEMENT OF EARLY RETIREMENT BENEFITS

Upon termination of employment with the Authority after meeting the eligibility requirements for Early Normal Retirement or Reduced Early Retirement, a Member shall be entitled to receive the vested portion of his Accrued Benefit, adjusted as described in Section 3.6 above, as of his Early Normal Retirement Date or his Reduced Early Retirement Date.

Early retirement benefits shall be distributed in accordance with Article VI.

3.8 AMOUNT OF DISABILITY RETIREMENT BENEFITS

The annual amount of benefits payable to a Member on the life annuity basis as of his Disability Retirement Date shall be determined in the same manner as described in Section 3.1 above. Such benefit shall be based on his Average Compensation and Credited Service as of his Disability Retirement Date and offset under Section 3.1 (c) by the amount of Disability Retirement Allowance, if any, then payable from the Retirement Plan and Police Plan, as that Disability Retirement Allowance may change from time to time (excluding changes attributable to subsequent collective bargaining), and subject to the maximum benefit provisions of Section 3.2 and Section 3.3. In no event shall the disability benefit determined under this Plan be less than zero.

3.9 COMMENCEMENT OF DISABILITY RETIREMENT BENEFITS

Disability retirement benefits shall commence on the Member's Disability Retirement Date and shall be payable until the earlier of recovery, death or Normal Retirement Date. Eligibility for continuing disability benefits under this Plan shall be subject to the annual medical examination requirement and recovery rules described in the Pension Agreement.

If the Disability Retirement Allowance payable from the Retirement Fund or Police Plan is adjusted as a result of the Member's rehabilitation, disability retirement benefits hereunder shall be concurrently adjusted in exactly the same fashion.

As of Normal Retirement Date, retirement benefits, determined in accordance with Section 3.1 above, and subject to the maximum benefit provisions of Section 3.2 and Section 3.3, shall become payable.

3.10 LATEST BENEFIT COMMENCEMENT DATE

The required beginning date of a Member is the April 1 of the calendar year following the calendar year in which the Member attains the age of 70 ½. Effective with respect to Members, other than 5% owners as defined in Code Section 416(i), who attains the age of 70 ½ after 2001, the required beginning date of a Member is the April 1 of the calendar year following the calendar year in which the Member attains the age of 70 ½ or retires, whichever is later.

ARTICLE IV

VESTING, TERMINATION OF EMPLOYMENT, AND CHANGE IN MEMBER STATUS

4.1 VESTING SCHEDULE

A Member shall automatically be 100% vested in his Accrued Benefit upon attainment while in active service of Early Normal Retirement Date, Reduced Early Retirement Date, Normal Retirement Date or upon Disability Retirement Date. If an individual has had no previous employment with the Authority and is hired directly onto the Authority's Executive payroll, such individual must fulfill the eligibility requirements for membership under Section 2.1 before accruing any Plan benefits.

The Employee will vest only in the excess of the benefit accrued in this plan over the benefit accrued in the Retirement Fund or the Police Plan, regardless of the vesting status of the benefits in those plans.

4.2 BENEFITS UPON TERMINATION OF EMPLOYMENT

Upon termination of employment prior to his eligibility for Early Normal Retirement, Reduced Early Retirement, or Normal Retirement, a Member shall not be entitled to receive any benefits under this Plan.

4.3 BENEFITS UPON CHANGE IN MEMBER STATUS

If a Member of the Plan ceases to meet the eligibility requirements described in Section 2.1 but continues to work for the Authority, his annual benefit under the Plan as of his Normal Retirement Date shall be equal to the product of (a) and (b) offset by (c) below:

As described in Section 1.4 and Section 1.8, Average Compensation and years of Credited Service for paragraphs (a) and (b) below shall be determined as if the Employee had terminated employment on the day he ceased to be eligible for this Plan.

(a) The percentage under Section 3.1(a) times his Average Compensation in effect on the date he ceased to meet the eligibility requirements.

(b) Years of Credited Service.

(c) For a Member who participated in:

(i) *the Retirement Fund*, the annual Normal Retirement Allowance described in the current Pension Agreement which would be payable to such Member (irrespective of vesting) on his Normal Retirement Date, or if later, the date benefits commence hereunder, and

(ii) *the Police Plan*, the annual Normal Retirement Allowance described in the current Police Plan which would be payable to such Member (irrespective

of vesting) on his Normal Retirement Date or, if later, the date benefits commence hereunder.

Benefits under this paragraph (c) shall be based on the Member's Average Compensation and Credited Service under the applicable plan, determined as of the Member's actual retirement or termination date.

The remaining benefit payable from this Plan, if any, shall be subject to the Maximum Annual Authority Benefit provisions of Section 3.2 and to the vesting schedule described in Section 4.1 and to the Deferred Compensation Contract offset of Section 3.4. The provisions of Section 3.7 shall be applied using Credited Service and Average Annual Compensation as of the date the Member ceased to be eligible for this Plan.

Retirement benefits, if any, under this Section 4.3 shall commence as of the Member's Normal Retirement Date, Early Normal Retirement Date or Reduced Early Retirement Date and shall be distributed in accordance with Article VI.

4.4 COMBINED MINIMUM BENEFIT UPON CHANGE IN MEMBER STATUS

In no event shall a Member who is vested under this Plan and who ceases to meet the eligibility requirements under this Plan receive a combined benefit from this Plan, the Retirement Fund and Police Plan which is less than the benefit described in Section 4.3 above, with the offset in Section 4.3(c) above based on Average Compensation and years of Credited Service as of the date the Member no longer meets the eligibility requirements herein.

In the event the combined benefit from this Plan, the Retirement Fund and Police Plan is less than the benefit described in the paragraph above, this Plan shall pay to the Member the net amount of the benefit not payable from the Retirement Fund and Police Plan.

ARTICLE V

DEATH BENEFITS

5.1 PRE-RETIREMENT DEATH BENEFIT

Upon the death of a Member prior to commencement of retirement benefits, no death benefits shall be payable in accordance with this Article V.

5.2 POST-RETIREMENT DEATH BENEFIT

Upon the death of a Member after commencement of retirement benefits, no death benefits shall be payable in accordance with this Article V.

ARTICLE VI

DISTRIBUTION OF BENEFITS

6.1 ELECTION OF FORM OF DISTRIBUTION

A Member may elect the form of distribution of his retirement benefits pursuant to the options available, if any, under Section 6.2.

6.2 FORM OF DISTRIBUTION

Retirement benefits under this Plan shall be payable to the Member as a life annuity only. If the Actuarial Equivalent present value of the life annuity benefit is less than \$5,000, the benefit shall be paid in the form of a lump sum rather than as an annuity.

ARTICLE VII

FUNDING AND CONTRIBUTIONS

7.1 TRUST FUND

The Trust Fund shall be held and administered by the Trustee in accordance with the terms of the Trust Agreement. All benefits payable under the Plan shall be disbursed from the Trust Fund.

7.2 AUTHORITY CONTRIBUTIONS

The Authority will contribute to the Trust Fund such sums and at such times as may be determined by the Board in accordance with the funding method and policy to be established by the Board which are consistent with Plan objectives and the funding requirements applicable to qualified plans in effect on September 1, 1974. The Board, in consultation with the actuary and the Pension and Savings Committee, shall have the right to change the method of funding, subject only to any contractual restrictions of the existing method of funding. Forfeitures arising from termination of service will be used to reduce Authority contributions and will not be applied to increase any benefits under the Plan. Except as provided in Section 7.5, until all obligations of the Plan have been satisfied, all contributions when made to the Trust Fund and all property and assets of the Trust Fund, including income from investments and from all other sources, will be retained for the exclusive benefit of Members included in the Plan and will be used to pay benefits provided hereunder or to pay expenses of administration of the Plan and the Trust Fund to the extent not paid by the Authority.

7.3 EMPLOYEE CONTRIBUTIONS

No Employee will be required or permitted to make any contributions under this Plan.

7.4 PAYMENT OF EXPENSES

In addition to its contributions, the Authority may elect to pay the administrative and investment expenses of the Plan and fees and retainers of the Plan's Trustee, actuary, consultant, administrator, auditors and counsel so long as the Plan or Trust Fund remains in effect. If the Authority does not elect to pay all or part of such expenses, the Trustee shall pay these expenses and charge the payment thereof against the Trust Fund for the Plan Year in which the expenses were incurred.

7.5 RETURN OF CONTRIBUTIONS

Notwithstanding any other provision of this Plan, a contribution made by the Authority must be returned to the Authority if the contribution was made by reason of a mistake of fact and the return of the amount involved occurs within one year of the mistaken payment of the contribution.

The amount which must be returned to the Authority is the excess of the amount contributed over the amount that would have been contributed had there not occurred the circumstances causing the excess. Earnings attributable to the excess contribution will not be returned to the Authority, but losses thereto shall reduce the amount to be so returned.

ARTICLE VIII

THE TRUST FUND

8.1 CREATION OF TRUST FUND

The Authority hereby establishes with the Trustees a Trust Fund which shall consist of such sums of money or other property as shall from time to time be paid and delivered to the Trustees under the Plan, which together with all earnings, profits, increments and accruals thereon, without distinction between principal and income, shall constitute the Trust Fund hereby created and established.

8.2 APPOINTMENT OF TRUSTEES

The Board shall appoint one or several Trustees to manage the assets of the Trust Fund. The number of persons or entities serving as Trustee at any time will be determined by the Board and may be changed from time to time by the Board. The persons or entities who have accepted their appointment as Trustees shall show such acceptance by executing a document prescribed by the Board for such purposes.

8.3 REMOVAL OR RESIGNATION OF TRUSTEE; APPOINTMENT OF SUCCESSOR TRUSTEE

A Trustee may be removed by the Authority at any time upon vote or resolution of the Board and upon 30 days' notice in writing to the Trustee. A Trustee may resign upon 30 days' notice in writing to the Board. The above 30 day notice requirement may be waived by agreement between the Board and the Trustee. Upon such removal or resignation of a Trustee, the Board shall appoint and designate a successor Trustee. Such successor Trustee, upon accepting such appointment by executing a document prescribed by the Board for such purpose, shall become vested with all the rights, powers, duties, obligations, including commitments to others made in good faith by the replaced Trustee, privileges and immunities as Trustee hereunder as if it originally had been designated as Trustee in this Plan. If any Trust Fund assets have been held in the Trustee's name, the Trustee shall assign and transfer and pay over to the ongoing Trustee such Trust Fund assets. Written notice of such appointment and designation shall be given by the Board to both the Trustee and the successor Trustee. The ongoing Trustees shall have no liability whatsoever for the acts or omissions of the former Trustee who may have resigned or been removed by the Board.

8.4 INVESTMENT OF TRUST FUND

The Trustees shall hold the Trust Fund in trust and shall manage, invest and reinvest the Trust Fund as they deem advisable in accordance with the provisions of this Plan and the Trust Agreement.

ARTICLE IX

ADMINISTRATION

9.1 PENSION AND SAVINGS COMMITTEE

The general administration of the Plan and responsibility for carrying out the provisions thereof shall be placed in the Pension and Savings Committee. The members of the Pension and Savings Committee shall be designated by the Board.

9.2 REPORTING AND DISCLOSURE

The Pension and Savings Committee will prepare, file, submit, distribute, or make available any Plan descriptions, reports, statements, forms or other information to any government agency, Employee, Member, or other person as may be required by law.

9.3 RECORDS

The Pension and Savings Committee will record their proceedings, acts and decisions, and will keep all data, records, books of account, and instruments pertaining to Plan administration. The Trustees shall keep true and accurate accounts of all investments, receipts and disbursements and other transactions under the Trust. All such accounts, books and records relating thereto shall be open to inspection or audit by the Authority at any time. The Authority will supply all information required by the Pension and Savings Committee or the Trustee to administer the Plan or Trust Fund, and the Pension and Savings Committee and Trustee may rely upon the accuracy of such information.

9.4 CLAIMS REVIEW PROCEDURE

Any request for benefits (the "claim") by a Member (the "claimant") will be filed in writing with the Pension and Savings Committee. Within 90 days after receipt of a claim or 180 days if the Retirement Committee determines that special circumstances exist which require extension of the time for processing a claim, the Pension and Savings Committee will provide written notice to any claimant whose claim has been wholly or partly denied, including:

- (a) the reasons for the denial;
- (b) the Plan provisions on which the denial is based;
- (c) any additional material or information necessary to perfect the claim and the reasons it is necessary; and
- (d) the Plan's claims review procedure.

A claimant will be given a full and fair review by the Pension and Savings Committee of the denial of his claim if he requests a review in writing within 60 days after notification of the denial. The claimant may review pertinent documents and may submit issues and comments orally, in writing, or both. The Pension and Savings Committee will render their decision on review in writing within 60 days after receipt by the Pension and Savings Committee of the application for review, or within 120 days if the Pension and Savings committee determines that special circumstances exist which require extension of the time for processing the application for review, and will include specific reasons for the decision and references to the Plan provisions on which the decision is based.

9.5 INFORMATION FROM MEMBERS

Each Member shall be required to furnish to the Pension and Savings Committee, in the form prescribed by it, such personal data, affidavits, authorization to obtain information, and other information as they may deem appropriate for the proper administration of the Plan.

ARTICLE X
FIDUCIARIES

10.1 IDENTITY OF FIDUCIARIES

The Authority and the Trustees will be the fiduciaries under the Plan and will control and manage the Plan and its assets to the extent and in the manner indicated in this Article.

10.2 RESPONSIBILITIES OF THE TRUSTEES

The Trustees will control and manage the assets of the Plan. The Trustees shall also hold title to the assets of the Plan. The responsibilities and authority of the Trustees are set forth in detail in various sections of this Plan.

10.3 RESPONSIBILITIES OF THE AUTHORITY

Subject to the power of the Authority to terminate the Plan, the Authority will have the following responsibilities and authority with respect to control and management of the Plan and its assets:

- (a) to amend the Plan;
- (b) to establish and carry out a funding policy;
- (c) to appoint, remove, and replace the Trustees and to monitor their performance;
- (d) to appoint, remove, and replace one or more investment managers, or to **refrain from** such appointments, and to monitor their performances;
- (e) to communicate such information to the Trustees as they may need for the proper performance of their duties;
- (f) to delegate, in writing, its powers and authority in whole or in part to the Trustees;
and
- (g) to perform such additional duties as are imposed by law.

The responsibilities and authority of the Authority are set forth in further detail in various sections of the Plan.

10.4 RESPONSIBILITIES NOT SHARED

Except as otherwise specified herein or required by law, each fiduciary will have only those responsibilities that are specifically assigned to it hereunder and no fiduciary will incur liability because of improper performance or nonperformance of responsibilities specifically assigned to another fiduciary.

10.5 PROCEDURE FOR ALLOCATION AND DELEGATION OF RESPONSIBILITIES

The Trustees or the Pension and Savings Committee may allocate among themselves in any reasonable manner their responsibilities and may designate any other individual or individuals to carry out any of their responsibilities by so specifying in a written instrument. No Trustee or member of the Pension and Savings Committee will be liable for the improper discharge or nonperformance of any responsibility so allocated or delegated to another person, except to the extent liability is imposed by law.

10.6 DUAL FIDUCIARY CAPACITY PERMITTED

Any person or group of persons may serve in more than one fiduciary capacity.

10.7 ACTIONS BY AUTHORITY

Wherever the Plan specifies that the Authority is required or permitted to take any action, such action will be taken by the Pension and Savings Committee or by one or more officers or Employees of the Authority duly authorized by the Board.

10.8 ADVICE

Subject to approval by the Board, a fiduciary may employ or retain such attorneys, actuaries, accountants, investment advisors, consultants, specialists, and other persons or firms as he deems necessary or desirable to advise or assist him in the performance of his duties. Unless otherwise provided by law, the fiduciary will be fully protected with respect to any action taken or omitted by him in reliance upon any such person or firm.

10.9 INDEMNIFICATION

The Authority, to the extent permitted by law, will indemnify and hold harmless every person serving as a fiduciary, other than a corporate Trustee or an investment manager unless agreed to in writing, from and against all loss, damages, liability, and reasonable costs and expenses, incurred in carrying out his fiduciary responsibilities, unless any act or failure to act is judicially determined to be gross negligence or willful misconduct.

ARTICLE XI

AMENDMENT AND TERMINATION

11.1 INTERNAL REVENUE QUALIFICATION

It is the intention of the Authority that the Plan and Trust shall be and remain qualified under Sections 401(a) and 501(a) of the Internal Revenue Code as such sections apply to "governmental plans". The Authority may authorize any modification or amendment of this Plan or the Trust Agreement which is deemed necessary or appropriate to qualify or maintain the qualification of the Plan or the Trust within the requirements of such Code sections, or any other applicable provisions of the Code as now in effect or hereafter amended or adopted, and the regulations issued thereunder.

11.2 AMENDMENT AND TERMINATION

The Authority reserves the right to modify, suspend or terminate the Plan in whole or in part by delivering to the Pension and Savings Committee and Trustee a copy of such modification, suspension, amendment or termination. The Authority shall have no power, however, to modify, suspend, amend or terminate the Plan in such manner as will cause or permit any part of the Trust Fund to be used for or diverted to purposes other than the exclusive benefit of Members or for the payment of expenses pursuant to the provisions of the Plan prior to the settlement of all obligations under the Plan. Further, except as provided in Section 7.5, no portion of the Trust Fund may revert to or become the property of the Authority so as to divest a Member from or deprive him of any benefits which may have accrued to him. Upon termination or partial termination of the Plan, or upon complete discontinuance of contributions under the Plan, all benefits accrued to such Members affected by such termination or partial termination or complete discontinuance of contributions shall become nonforfeitable to the extent then funded. Notwithstanding anything contained herein, upon such termination of the Plan, the Authority shall have no obligation or liability whatsoever to make any further contributions to the Trust Fund.

11.3 VALUATION OF ASSETS

In determining the value of the assets of the Plan as of the date of the termination of the Plan, the assets of the Trust Fund shall be valued by the Trustees at fair market value as of the close of business on the termination date.

11.4 DISTRIBUTION OF ASSETS

If both the Plan and Trust are terminated, the Trustees shall distribute to the Members the value as of the distribution date of their retirement benefits accrued as of the termination date to the extent then funded, with any assets remaining in the Trust Fund after payment of such benefits and any expenses properly chargeable to the Trust Fund paid to the Authority. The determination of the value of such retirement benefits shall be determined by the Pension and Savings Committee. Payments to Members shall be made in the form of an annuity or in such manner as the Pension and Savings Committee shall determine. The Pension and Savings Committee's determination shall be final and conclusive on all persons.

ARTICLE XII

GENERAL PROVISIONS

12.1 PLAN VOLUNTARY

Although it is intended that the Plan shall be continued and that contributions shall be made as herein provided, this Plan is entirely voluntary on the part of the Authority and the continuance of this Plan and the payment of contributions hereunder are not to be regarded as contractual obligations of the Authority and the Authority does not guarantee or promise to pay or to cause to be paid any of the benefits provided by this Plan. Each person who shall claim the right to any payment or benefit under this Plan shall be entitled to look only to the Trust Fund for any such payment or benefit and shall not have any right, claim, or demand therefore against the Authority, except as provided by federal law. The Plan shall not be deemed to constitute a contract between the Authority and any Employee or to be a consideration for, or an inducement for, the employment of any Employee by the Authority. Nothing contained in the Plan shall be deemed to give any Employee the right to be retained in the service of the Authority or to interfere with the right of the Authority to discharge or to terminate the service of any Employee at any time without regard to the effect such discharge or termination may have on any rights under the Plan.

12.2 PAYMENTS TO MINORS AND INCOMPETENTS

If a Member entitled to receive any benefits hereunder is a minor or is deemed by the Pension and Savings Committee or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, they will be paid to such person or institution as the Pension and Savings Committee may designate or to the duly appointed guardian. Such payment shall, to the extent made, be deemed a complete discharge of any liability for such payment under the Plan.

12.3 NON-ALIENATION OF BENEFITS

No benefit held under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, nor shall any amount payable to, or held under the Plan and Trust for the benefit of any Member, be in any manner liable for his debts, contracts, liabilities, engagements or torts, or be subject to any legal process to levy upon or attach.

12.4 EVIDENCE OF SURVIVAL

If the Pension and Savings Committee cannot make payment of any amount to, or on behalf of a Member, because the identity or whereabouts of such Member cannot be ascertained, such benefit shall be forfeited, but shall be reinstated if the Member should reappear.

12.5 USE OF MASCULINE AND FEMININE; SINGULAR AND PLURAL

Wherever used in this Plan, the masculine gender will include the feminine gender and the singular will include the plural, unless the context indicates otherwise.

12.6 RETURN OF CONTRIBUTIONS TO AUTHORITY

The Plan and Trust is created for the exclusive benefit of Members. Except as provided in Sections 7.5 and 11.2, at no time shall any contributions to the Plan or any assets of the Trust Fund ever revert to or be used by the Authority.

12.7 CONSTRUCTION OF AGREEMENT

The Plan shall be administered, construed and enforced according to the laws of the Commonwealth of Massachusetts; provided, however, wherever applicable the laws of the United States of America shall be applied and to the extent necessary, its courts shall have competent jurisdiction.

12.8 SEVERABILITY

Should any provision of the Plan or rules and regulations adopted thereunder be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions unless such invalidity shall render impossible or impractical the functioning of the Plan. In such case, the appropriate parties shall immediately adopt a new provision to take the place of the illegal or invalid provision.

12.9 EFFECTUATION OF INTENT

In the event it should become impossible or impracticable for the Authority or the Trustees to perform any act required by the Plan, the Authority or the Trustees may perform in lieu thereof such other act as it in good faith determines will most nearly carry out the intent and purpose of the Plan.

12.10 HEADINGS

The headings of articles and sections of this Plan are for convenience of reference only, and in the case of any conflict between any such headings and the text of this Plan, the text shall govern.

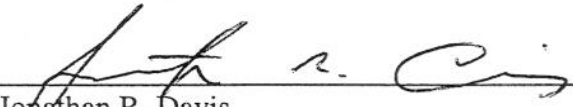
12.11 INTERNAL REVENUE SERVICE APPROVAL

If the Plan or Trust shall not be approved and qualified by the Internal Revenue Service, all of the Authority's contributions to the Trust Fund from the Effective Date shall be returned and the Plan shall be null and void, but only if the Plan is submitted to the Internal Revenue Service for approval and qualification and the return of contributions occurs within one year from the date approval and qualification is denied.

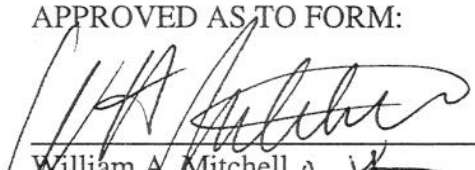
IN WITNESS WHEREOF, Massachusetts Bay Transportation Authority has caused this instrument to be executed in its name and on its behalf this 28TH day of DECEMBER 2001.

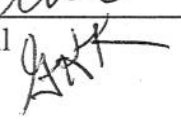
**MASSACHUSETTS BAY
TRANSPORTATION AUTHORITY**

By: _____


Jonathan R. Davis
Deputy General Manager and
Chief Financial Officer

APPROVED AS TO FORM:



William A. Mitchell
General Counsel 

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
DEFERRED COMPENSATION PLAN

Schedule A

The following retired employees shall be entitled to lifetime pensions paid from this plan. These pensions shall cease upon the death of the retired employee.

Deferred Compensation Plan Monthly Pension
As of January 1, 2001

<u>NAME</u>	<u>MONTHLY AMOUNT</u>
LUCY V SHORTER	\$ 86.88
LYNNE MCCALL	\$ 39.92
ALBERT E GOOD	\$ 176.18
JAMES J BRENNAN	\$ 267.74
LEROY JENKINS	\$ 97.25
PAUL A TULLY	\$ 69.39
JAMES E ROONEY	\$ 31.36
JOSEPH CEURVELS	\$ 181.87
BRIAN M MOORE	\$ 245.13
DOREEN M MATTIVELLO	\$ 142.90
JOHN AYLWARD	\$ 298.30
MICHAEL J DALY	\$ 105.90
MICHAEL S FRANCIS	\$ 191.76
THOMAS J MCGARY	\$ 201.14
CHARLES L KELSON	\$ 210.18
JAMES T BROWN	\$ 30.68
PAUL W FRAZIER	\$ 150.44
ROBERT JOHNSON	\$ 98.12
JOHN A BOTTARI	\$ 47.36
ROBERT REISS	\$ 237.99
CHRISTINE M CRUGNOLA-PETRUNIW	\$ 45.51
FRANCIS M VALLELY	\$ 175.74
JOHN MURRAY	\$ 241.76
JOHN I WILLIAMS	\$ 49.79
NANCY H NELSON	\$ 411.64
CORNELIUS J MULLANEY	\$ 687.49
JOSEPH F CAHILL	\$ 458.88
EDWARD HENNESSY	\$ 342.51
GERARD T MORSE	\$ 632.82
DONALD A MACDONALD	\$ 448.12
CAROL A BUCKLEY	\$ 983.65
JAMES M CONNOLLY	\$ 1,050.00
FRANCIS C DUTTON	\$ 560.13
PAUL L FLYNN	\$ 325.87
ROBERT W SMITH	\$ 241.73

CHARLES J GREEN JR	\$ 545.85
ANN M BAIRD	\$ 535.30
GEORGE C DENNISON	\$ 436.92
WILLIAM SHANNON	\$ 424.14
JOSEPH P RODERICK	\$ 575.66
WILLIAM F RONAYNE JR	\$ 612.07
WALTER J GRADY	\$ 906.53
CHARLES E LONG	\$ 650.80
STEVEN COCHRANE	\$ 317.89
MAUREEN M LEE	\$ 342.56
JAMES C NOLAN	\$ 825.74
DOROTHY G MACPHADDEN	\$ 624.05
JAMES MARSHALL	\$ 549.11
JAMES MULHERN	\$ 645.20
ALWIN K MILCH JR	\$ 506.62
JOHN MURPHY	\$ 505.55
WALTER C ELLIMAN	\$ 536.70
MARIO J MAZZEO	\$ 620.03
JOSEPH C CHENEY	\$ 436.39
RITA A RANZO	\$ 376.86
CORINNE D FERNANDES	\$ 383.51
WILLIAM A MACDONALD	\$ 972.59
PAUL M HUGHES	\$ 397.90
JOHN J SULLIVAN JR	\$ 462.52
DENNIS L GRIMES	\$ 510.18
CHARLENE M DRAYTON	\$ 336.59
JAMES M MCGOWAN	\$ 848.28
ROBERT G CLARK	\$ 1,424.92
MICHAEL C WALSH	\$ 282.82
ESTHER R MALETZ	\$ 583.63
ROGER W THOMAS	\$ 208.74
FRANCIS T O'LOUGHLIN	\$ 89.92
PETER B DYER	\$ 271.39
PATRICIA F JUDGE	\$ 281.36
WILLIAM F COLLINS JR	\$ 422.48
MARK G O'HARA	\$ 584.62
JAMES F WRIGHT	\$ 736.65
WILLIAM A ROMASCO	\$ 357.90
AUBREY A DUNLEA	\$ 132.07
LEONARD J WALSH	\$ 535.45
DENIS P SWEENEY	\$ 414.54
JOSEPH G HURRIE	\$ 482.07
JEREMIAH J CRONIN	\$ 443.67
ANTHONY D CULTRERA	\$ 619.63
JAMES R BOLES	\$ 528.90
HAROLD ROBBLEE	\$ 358.88

MARILYN E WHITE	\$ 618.78
JOHN J BROOKS	\$ 424.33
JOHN J CANTWELL	\$ 1,031.06
WILLIAM MCCULLOUGH	\$ 448.41
PAUL J REYNOLDS	\$ 523.23
ALICE A FERNANDES	\$ 511.36
PATRICIA A BARRETT	\$ 502.93
MARY L CASSANI	\$ 450.49
RICHARD A INFANTINO	\$ 424.66
DAVID J LERAY JR	\$ 351.90
JOHN P MAHER JR	\$ 462.48
PAUL E ELLSWORTH	\$ 296.46
FREDERICK C GOODINE	\$ 540.83
PAUL P MANN	\$ 200.86
ANN P MORAN	\$ 148.30
DONALD A SMITH	\$ 685.69
JOSEFINA CUEVAS	\$ 355.20
ARTHUR E BROWN JR	\$ 557.29
JOSEPH G LALLY	\$ 583.23
CHRISTOPHER W COLLINS	\$ 139.55
MARTIN R MCCARTNEY	\$ 188.78
WILLIAM J BRACKETT, JR.	\$ 245.01
ALBERT E GRAVELLE	\$ 691.11
	\$ 43,593.25